

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No.: 2005-13-W/S**

IN THE MATTER OF:

Application of Wyboo Plantation  
Utilities, Inc. for Adjustment of Rates and  
Charges for the Provision of Water and  
Sewer Services

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) **DIRECT TESTIMONY OF JOHN**  
) **McDAVID**  
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**Q. STATE YOUR NAME AND ADDRESS.**

**A.** John E. McDavid, 1297 Orchid Lane, Pinewood, SC 29125. I have a Ph.D. in Business Administration from Ohio State University. I am currently retired. I spent 36 years as a college professor and dean, teaching marketing, management and finance. I also spent nine years as a banker, rising to the level of President and Chairman of the Board, at the National Bank of Commerce, in Charleston, WV. The bank has since been acquired by Huntington Bankshares. I have been involved in numerous small businesses and am co-author of a book on small business management. I have also done some consulting.

**Q. HAVE YOU TESTIFIED BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION (“COMMISSION”) BEFORE?**

**A.** No.

**Q. WHAT IS YOUR CONNECTION TO THE VILLAS AT WYBOO?**

**A.** I have been involved since the beginning of construction and my wife and I each owned one of the original eight villas.

**Q. CAN YOU PLEASE DESCRIBE THE VILLAS?**

**A.** A villa is a four bedroom cottage with central living room and efficiency kitchen. Each bedroom has two beds, a chair, a closet and bathroom; in essence they are nothing more than single family residences. The villas are independently owned by five different entities. Each villa is managed by a real estate property management company, which is governed by the real estate laws of South Carolina. All income flows through a rental escrow account. The villa units are similar to a beach house, condominium, or lake house that is offered for vacation rental.

**Q. HOW MANY UNITS ARE AT THE VILLAS?**

**A.** Twelve.

**Q. HOW MANY UNITS DO YOU INDIVIDUALLY OWN?**

**A.** I own seven units through a wholly owned company named FCMcJohn, Inc. This is a company that I own 100% of stock and am President. It holds other interests in real estate. My wife owns two units.

**Q. DO YOU OWN ANY OTHER UNITS?**

**A.** One unit through D&J Developers, LLC.

**Q. HOW LONG HAVE YOU BEEN INVOLVED WITH THE WYBOO UTILITIES SYSTEM?**

**A.** Since its inception, but have had no ownership interest at any point.

**Q. DID YOU LIVE IN THE FIRST HOUSE IN THE WYBOO PLANTATION?**

A. My wife and I built the first residence in Wyboo Plantation and moved in July 1992.

**Q. DID YOU OVERSEE THE INSTALLATION AND MAINTENANCE OF THE SEWER AND WATER INFRASTRUCTURE SYSTEM?**

A. No.

**Q. DID YOU HAVE AN OWNERSHIP INTEREST IN THE DEVELOPMENT OF WYBOO PLANTATION? WHAT WAS YOUR ROLE IN THAT DEVELOPMENT?**

A. I was 10% limited partner in the original development of Wyboo Plantation, which was later sold to Land Promotion. I had no say in construction of any of the facility and was only an investor.

**Q. CAN YOU PLEASE DESCRIBE THE IMPORTANCE OF THE WATER AND SEWER SYSTEMS INFRASTRUCTURE?**

A. For a development such as Wyboo Plantation to be successful, there must be a reliable and affordable water and sewer system. I am concerned that approving the requested rates will hamper the development of Wyboo Plantation and specifically, the Villa's ability to thrive financially.

**Q. DOES WYBOO UTILITIES SEND A BILL ITEMIZED FOR EACH OF THE SERVICES IT PROVIDES? HOW DO YOU DETERMINE WHICH FACILITIES THE BILL WAS DIRECTED TO?**

A. No. We receive a single bill each month which includes all facilities at the Villas. We have no idea what the bill covers or which facility it is directed to.

**Q. WHAT ARE THE CURRENT RATES CHARGED THE VILLAS FOR SEWER SERVICE?**

**A.** \$20.00 per month, per unit is the current rate which totals \$2,880.00 per year.

**Q. WHAT ARE THE CURRENT RATES CHARGED THE VILLAS FOR WATER SERVICE?**

**A.** \$18.00 is the current rate which the Application provides as \$2,592.00 per year.

**Q. HAVE YOU REVIEWED THE PROPOSED APPLICATION OF NEW RATES FOR WYBOO UTILITIES?**

**A.** Yes.

**Q. HAVE YOU REVIEWED THE TESTIMONY OF JOE MAREADY, WBYOO UTILITIES' EXPERT?**

**A.** Yes.

**Q. WHAT PERCENTAGE INCREASE DOES WYBOO UTILITIES PROPOSE FOR THE VILLAS FOR SEWER SERVICE?**

**A.** 666% is the proposed increase.

**Q. WHAT PERCENTAGE INCREASE DOES WYBOO UTILITIES PROPOSE FOR THE VILLAS FOR WATER SERVICE?**

**A.** 666% is the proposed increase.

**Q. HOW MANY BEDROOMS ARE IN A UNIT AT THE VILLAS? IN ACTUALITY, WHAT ARE THE VILLA UNITS?**

**A.** Each unit contains four bedrooms. Each villa unit is no more than the equivalent of one four-bedroom, four-bathroom home, but with only an efficiency kitchen, which is not used extensively and no laundry facility. The usage should be less

than a four-bedroom home. In reality, each unit should be rated less than one SFE (“Single Family Equivalent”).

**Q. DOES JOE MAREADY’S TESTIMONY CONCERNING THE VILLAS MAKE SENSE TO YOU?**

**A.** No. As I explained above, a unit of the Villa is less than one SFE; therefore, his proposal rating a Villa at 1½ SFE does not make sense. His testimony stating that his proposal is consistent with the DHEC Guidelines does not appear to be accurate for the units at the Villas.

**Q. IN THE APPLICATION, WHAT DOES THE UTILITY STATE THE CURRENT REVENUES BEING COLLECTED BY THE UTILITY FOR THE COMMERCIAL LAUNDRY FOR THE TWO COMMERCIAL WASHERS FOR THE WATER?**

**A.** \$0

**Q. IN THE APPLICATION, WHAT DOES THE UTILITY STATE THE CURRENT REVENUES BEING COLLECTED BY THE UTILITY FOR THE COMMERCIAL LAUNDRY FOR THE TWO COMMERCIAL WASHERS FOR THE SEWER?**

**A.** \$0

**Q. IN THE APPLICATION AND JOE MAREADY’S PREFILED TESTIMONY, DOES IT STATE SOME ACCOUNTS ARE NOT PAYING THE APPROVED RATES FOR WATER AND SEWER SERVICE? WHICH ACCOUNTS?**

A. Yes. Laundry; Laundry – Coin Operated; Pool with Showers; and House (Office).  
Since bills received for the Villas are not itemized, we assume that it covered the laundry facilities and the pool.

**Q. IS THIS STATEMENT ACCURATE THAT WYBOO DID NOT PAY FOR THE APPROVED SERVICES?**

A. No, the Villas pay the monthly bill as sent by Wyboo Utilities. The bill does not break out the specific accounts; therefore, the Villas assumed it had paid for all accounts. I have attached to my testimony a copy of a monthly bill sent the Villas as **Exhibit 1**.

**Q. WHAT EFFECT WOULD THE PROPOSED INCREASE OF \$5,760 FOR WATER AND \$6,390 FOR SEWER HAVE ON THE LAUNDRY?**

A. The water increase definitely would affect the operating margin on the Villas and would cause us to consider sending out laundry and closing down the facility. As to the sewer increase, I think it is interesting to note this facility is not on the Wyboo Utilities' sewer system, but on a septic tank and the Wyboo Utility does not even know this. Thus, this line item should be eliminated.

**Q. IN THE APPLICATION, WHAT DOES THE UTILITY STATE IT COLLECTS ON THE COIN OPERATED LAUNDRY FOR ITS WATER SERVICE AND ITS SEWER SERVICE?**

A. \$0

**Q. WHAT WOULD THE IMPACT OF THE PROPOSED INCREASE OF \$2,880 FOR WATER AND \$3,197 FOR SEWER HAVE ON THE COIN OPERATED LAUNDRY.**

A. This facility is seldom used; therefore, we only took in \$368.00 in 2005. Attached as **Exhibit 2** is the deposit for all of 2005. It is on the same water tap as the laundry and is also hooked to the septic tank. We would simply close this facility. This facility was installed for the convenience of people staying in the Villas since there were no laundry facilities in the villa units.

**Q. FOR THE COIN-OPERATED LAUNDRY, IS THE SEWER SERVICE ON THE WYBOO UTILITIES SYSTEM?**

A. No, therefore the proposed rate should be eliminated.

**Q. WHAT WOULD BE THE IMPACT OF THE PROPOSED INCREASE OF \$1,503 FOR WATER AND \$1,668 FOR SEWER HAVE ON THE POOL WITH SHOWERS.**

A. The facilities at the pool only include two toilets and two wash basins and an outside cold water shower for people to use before or after using the pool. The proposed increase is simply ridiculous based on this. Why should the charge for our pool water with these simple facilities be greater than for a home owner's pool? This facility is used only about six months of the year so we would be paying \$500 a month for water for the pool facility.

**Q. ARE THE BATHROOMS ON THE WYBOO UTILITIES SEWER SYSTEM?**

No. Again, the bathrooms at the pool are connected to a septic tank not on the Wyboo system and the shower simply discharges on to the pool deck.

**Q. WHAT DOES JOE MAREADY'S TESTIMONY STATE WYBOO UTILITIES CURRENTLY RECEIVE FOR WATER AND SEWER AT THE CONFERENCE CENTER?**

**A.** The Conference Center receives a combined bill for water and sewer for \$38 per month. The Conference Center paid Wyboo Utilities a fee of \$1,100 for water and sewer taps in January 2005, but did not begin operation until July of that year.

**Q. WHAT WOULD THE PERCENTAGE INCREASE BE FOR THE WATER AND SEWER AT THE ASSEMBLY HALL (CONFERENCE CENTER) IF THE PROPOSED INCREASE IS GRANTED?**

**A.** For water, the proposed increase would be \$2,400 which is a 1,100% increase and \$2,664 for sewer service which is a 1,100% increase.

**Q. WHAT IMPACT WOULD SUCH AN INCREASE HAVE ON THE CONFERENCE CENTER?**

**A.** We potentially would have to close the Conference Center due to the high rates which would eliminate a significant marketing attribute for the Villas.

**Q. FOR THE HOUSE (OFFICE), WHAT WOULD THE IMPACT BE IF THE PROPOSED INCREASE WAS GRANTED?**

**A.** For water, the new charges would be \$960 and for sewer, the new charges would be \$1,066. This unit is a house. It is owned separately from property owned by the Villa owners and should be charged as a single-family residence. This house was built at the same time the restaurant was built and was designed as a residence for the manager of the restaurant. It never has been an office.



**Q. CAN YOU PLEASE DESCRIBE SOME OF THE SERVICE ISSUES OF WHICH YOU HAVE BEEN INVOLVED?**

**A.** The main service issue involving the Villas has been slow response to problems and leaving septic tanks uncovered for long periods of time. However, these issues appear to have improved recently.

**Q. PLEASE DESCRIBE YOUR OVERALL IMPRESSION OF THE SYSTEM'S OPERATION.**

**A.** The system has been poorly managed over the years with very little long term planning, failure to keep up with day to day issues, poor response to emergencies, and very poor people skills. Mr. Wrigley's biggest problem is communication with his customers and lack of experience in managing and operating a water and sewer system.

**Q. CAN YOU PLEASE TELL ME WHAT STRUCTURES ARE CURRENTLY ON A SEPTIC TANK? IN THE APPLICATION, WHAT RATE IS PROPOSED FOR SEWER SYSTEM WHEN IN FACT THERE IS NO SEWER SERVICE?**

**A.** As described above in earlier answers, the laundry room, and the coin operated laundry and the pool house are on a separate septic system and should not be included in the Wyboo Utilities application seeking an exorbitant rate increase.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

**A.** Yes.